

SENATE BILL 1405

By Stevens

AN ACT to amend Chapter 62 of the Private Acts of 1981; and any other acts amendatory thereto, to authorize and empower the Gibson County Special School District to issue up to \$3,000,000 of school bonds and to provide for the issuance of bond, revenue, and grant anticipation notes; and to provide for the pledge, levy, and collection of existing taxes to pay debt service on said bonds and notes.

WHEREAS, it is the desire of the Board of Trustees (the "Board") of the Gibson County Special School District (the "District") to provide adequate facilities and equipment to meet the standards of the Tennessee Department of Education and improve the educational programs for children residing in the District; and

WHEREAS, the District has and will expend significant funds to provide for additional school facilities for its growing student population; and

WHEREAS, interest rates for borrowing capital funds for governmental entities are low compared to the last thirty-five years, thereby providing for lower annual payments to meet these requirements and needs; and

WHEREAS, the District's per pupil expenditure is one of the lowest in the state, and test scores are well above the state average, and to continue producing above average test scores and improve the educational programs for the District, additional capital funding for schools is needed; now, therefore

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Gibson County Special School District, located in Gibson County, Tennessee (the "District"), created by Chapter 62 of the Private Acts of 1981, as amended by Chapter 181 of the Private Acts of 1981, Chapter 342 of the Private Acts of 1982, Chapter 241 of the Private Acts of 1984, Chapter 152 of the Private Acts of 1986, Chapter 178 of the Private

Acts of 1986, Chapter 62 of the Private Acts of 1987, Chapter 107 of the Private Acts of 1987, Chapter 113 of the Private Acts of 1989, Chapter 79 of the Private Acts of 1993, Chapter 155 of the Private Acts of 1994, Chapter 52 of the Private Acts of 1995, Chapter 63 of the Private Acts of 1995, Chapter 79 of the Private Acts of 1995, Chapter 196 of the Private Acts of 1996, Chapter 55 of the Private Acts of 1999, Chapter 73 of the Private Acts of 2005, Chapter 59 of the Private Acts of 2007, Chapter 60 of the Private Acts of 2007, Chapter 68 of the Private Acts of 2010, Chapter 5 of the Private Acts of 2013, and any other amendatory acts thereto, is hereby authorized to borrow money by issuing its bonds and notes in the manner provided below:

(a) The District is hereby authorized and empowered to issue and sell, by resolution of its Board, school bonds for the purpose of providing funds to pay or reimburse the District (i) for the acquisition of land and site preparation for and the construction, improvement, renovation, expansion, furnishing, fixturing, and equipping of school buildings and facilities, and additions thereto, in and for the District, including the purchase of all property, real and personal, or interests therein, necessary in connection with said work, (ii) for the purchase of computers and related software for use throughout the District, (iii) for the costs of other capital improvements throughout the District, (iv) for the funding of all accounts and funds necessary and proper in connection with the issuance and sale of the bonds and notes as the Board shall determine, (v) for the payment of interest on the bonds and notes during the period of construction and for six (6) months thereafter, and (vi) for the payment of all legal, fiscal, administrative, architectural, engineering, accounting, and similar professional and other costs incident thereto and to the issuance and sale of the bonds and notes. The maximum aggregate principal amount of school bonds authorized to be issued shall be limited to three million dollars (\$3,000,000). No public referendum or election of the voters of the District shall be necessary in order for the District to issue and sell the bonds and/or notes authorized pursuant to this subsection.

(b) The bonds and notes may be sold at competitive rates or negotiated at such times, in such amounts, and with such terms as may be approved by resolution of the

Board; provided, that the maximum maturity of any bond or note issue shall not exceed thirty-five (35) years from issuance and the rate or rates of the bonds and notes shall not exceed the maximum rate permitted by Tennessee law. The Board of the District is authorized and empowered to do and perform all acts and enter into all agreements that may be necessary or desirable in connection with the issuance and sale of the bonds and notes and to delegate the power to consummate all such acts and execute and implement all such agreements on its behalf as the Board shall deem necessary or desirable.

(c) The District is further authorized, by resolution of its Board, to issue and sell notes of the District in anticipation of the issuance of other obligations authorized herein. The notes shall mature at such time or times, not exceeding five (5) years from their respective dated dates, and shall be sold in such manner and upon such terms as shall be provided by resolution of the Board.

(d) The District is further authorized, by resolution of its Board, to borrow money and issue its bonds for the purpose of refunding the bonds and notes authorized herein or that may have been previously issued by the District. The refunding bonds shall be sold at such times, in such manner, and upon such terms as shall be provided by resolution of the Board.

(e) The District is further authorized, by resolution of the Board, to issue and sell from time to time revenue anticipation notes of the District in anticipation of the collection or receipt of taxes or other revenues of any type. The aggregate par amount of the notes issued within any fiscal year may not exceed ten percent (10%) of the taxes, revenues, and any other funds remitted to or collected by the District in the prior fiscal year. The notes may be sold at such times, in such manner, and upon such terms as may be provided by resolution of the Board; provided, that any such notes shall mature not later than the ninetieth day following the fiscal year in which such notes are issued.

(f) The District is further authorized, by resolution of the Board, to issue and sell from time to time grant anticipation notes of the District in anticipation of the receipt of grant monies from the State of Tennessee or the United States government. The

aggregate par amount of the notes issued at any time may not exceed the amount of grant proceeds committed to the District in writing. The notes may be sold at such times, in such manner, and upon such terms as may be provided by resolution of the Board.

(g) The Board of the District is authorized and empowered to do and perform all acts and enter into all agreements that may be necessary or desirable in connection with the issuance and sale of the bonds and notes authorized herein and to delegate the power to consummate all such acts and execute and implement all such agreements on its behalf as the Board shall deem necessary or desirable.

(h) The bonds and notes authorized hereunder shall be issued in fully registered form and shall be executed as provided in the Tennessee Public Obligations Registration Act and in the resolution adopted by the Board.

(i) Any bonds or notes issued hereunder shall be paid from the taxes levied by authority of the Act of Incorporation. Notwithstanding any provision of the Act of Incorporation to the contrary, all taxes levied pursuant thereto are specifically authorized to be used to pay the principal of and interest on any bonds and/or notes issued pursuant to this subsection. The Board of the District is hereby authorized to pledge such taxes as necessary to pay the principal of and interest on the bonds and notes authorized herein. The taxes shall constitute a lien on the property against which they are levied with the like force in effect as due county taxes. Grant anticipation notes shall also be payable from the proceeds of the anticipated grant.

(j) The Board is also authorized, but not required, to pledge to the payment of the bonds and notes all or a portion of (i) any funds received by the District under the Tennessee Basic Education Program available to be used for capital outlay expenditures, as set forth in Tennessee Code Annotated, Section 49-3-351 et seq., and related sections, (ii) its share of the Local Option Sales and Use Tax now or hereafter levied and collected in Gibson County, Tennessee, pursuant to Tennessee Code Annotated, Section 67-6-712, and (iii) any other funds received from the State of

Tennessee, or any of its authorities, agencies, or instrumentalities, for school purposes and available to be used for capital outlay expenditures.

(k) The bonds and notes and all income therefrom shall be exempt from all state, county, and municipal taxation in the State of Tennessee, except inheritance, transfer, and estate taxes and except as otherwise provided by applicable law.

SECTION 2. No additional tax is hereby levied. There are hereby affirmed the property taxes heretofore levied by the Act of Incorporation at the rates set forth therein, subject to the procedures set forth in Tennessee Code Annotated, Section 67-5-1704, relating to county-wide reappraisal. Said taxes shall be pledged and applied first to pay principal of and interest on the bonds and notes issued by the District. Any amounts in excess thereof may be used, at the discretion of the Board of Education of the District, for any and all capital and/or operating expenses of the District.

SECTION 3. In the event that the laws creating the District are repealed or the District is abolished, that portion of such laws levying a tax, the proceeds of which are pledged to the payment of outstanding bonds and indebtedness of the District, shall remain in full force and effect with respect to the real and personal property within the District to the extent necessary to satisfy the District's debt service requirements with respect to said bonds and indebtedness, and the outstanding bonds and indebtedness of the District shall remain binding and valid obligations of the District the same to be paid out of funds collected in respect of the tax herein authorized. In such event, the said remaining tax shall continue to be collected by the Gibson County trustee and funds collected in respect thereof shall be paid in respect of the District's outstanding bonds and indebtedness by the District until such bonds and indebtedness have been paid in full.

SECTION 4. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 5. This act shall take effect upon becoming a law, the public welfare requiring it.